

Summary of Executive Regulation No. 21-04AMII, *Amendments to Montgomery County Personnel Regulations on Performance-based Pay for Unrepresented Employees*

1. Performance-based pay for employees on the general salary schedule.

- (a) **Career employee.** An employee with merit system status in a position assigned to the general salary schedule is eligible to receive performance-based pay if the employee:
- has an annual performance rating on record for the previous rating period;
 - satisfies the criteria stated in subsection (2) below; and
 - is not eligible to receive a 20-year longevity/performance increment under Section 12-9.
- (b) **Probationary employee.** A probationary employee is not eligible for performance-based pay.
- (c) An employee may receive only one lump-sum award in a fiscal year.
- (d) **Effective date of compensation awards.** A performance-based pay award for an employee on the general salary schedule must be effective at the beginning of the first full pay period following the end of the review period for which the employee received an overall rating of *Exceptional Performance* or *Highly Successful Performance*. The County must begin paying performance-based pay awards for review periods that end on or after June 30, 2006.

Eligibility for Performance-Based Pay for Employees on the General Salary Schedule	
Overall performance rating:	Employee receives:
<i>Exceptional Performance</i>	A lump-sum award of 2 percent of base salary.
<i>Highly Successful Performance</i>	A lump-sum award of 1 percent of base salary.
<i>Successful Performance</i>	No additional pay
<i>Does Not Meet Expectations</i>	No additional pay

2. Twenty-year longevity/performance increment.

- (a) A department director must award a 20-year longevity/performance increment of 1 percent of base salary to an employee in a position on the general salary schedule if the employee's salary is at the top of the pay range and the employee:
- has 20 years of actual County service; and
 - received an annual overall performance rating of *Highly Successful Performance* or *Exceptional Performance* for the 2 most recent consecutive years.

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- (b) An employee may receive only one 20-year longevity/performance increment.
- (c) A department director must not give an employee a lump-sum award and a 20-year longevity/performance increment for the same annual overall rating.
- (d) A 20-year longevity/performance increment under this Section must be based on 2 consecutive annual overall ratings for review periods that end after June 30, 2006, except for the first year of implementation. After the first year of implementation, the effective date of all longevity/performance increments must be the beginning of the first pay period after the review period ends.
- (e) During the first year of implementation (July 1, 2006, through June 30, 2007), an employee in a position on the general salary schedule who has, or reaches, 20 years of actual service and who is at the top of the salary schedule is eligible to receive a 20-year longevity/performance increment if the employee receives an *Exceptional* or *Highly Successful* annual overall rating for a review period that ends between June 30, 2005, and June 30, 2007.
- (f) The effective date for a 20-year longevity/performance increment approved during the first year of implementation must be the beginning of the first pay period after:
 - July 1, 2006, for an eligible employee with an *Exceptional* or *Highly Successful* annual overall rating for a review period that ends on or before June 30, 2006; and
 - after the end of the review period, for an eligible employee with an *Exceptional* or *Highly Successful* annual overall rating for a review period that ends after June 30, 2006.

Key pay terminology

The following are definitions of pay terms mentioned in the summary above:

Base Pay: The fixed compensation paid to an employee for performing specific job responsibilities. It is typically paid as a salary, hourly or piece rate.

Cash Compensation/Pay: is cash provided by an employer to an employee for services rendered. It comprises the elements of pay (e.g., base pay, variable pay, differential pay, overtime pay, etc.) that an employer offers an employee in return for his or her services.

General Wage Adjustment (GWA): An across-the-board pay increase of the same amount or same percentage given to each employee in a particular group.

Lump-sum Award: An award paid in a single cash payment.

Mix: Relative to compensation, the relationship between the base pay and the planned variable pay.

Performance-based Pay: Additional pay awarded to an eligible employee based on the employee's annual performance rating.

Service Increment: an increase in base salary granted on an annual basis to an eligible employee whose performance is at least satisfactory.

Variable Pay: Certain percentage of pay put “at risk.” It includes forms of compensation that depend on employee behavior or performance and allow for differing percentages or lump sum amounts to be awarded to similarly situated employees.